

**FY 2021**

DEPARTMENT OF THE NAVY

# **STATEMENT OF ASSURANCE**





# TABLE OF CONTENTS

---

- 3 MESSAGE FROM THE ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER), ACTING**
- 4 INTRODUCTION**
- 4 FY 2021 STATEMENT OF ASSURANCE**
- 5 INTEGRATED RISK MANAGEMENT**
- 7 REMEDIATION PROGRESS**
- 9 FUTURE PERSPECTIVE**
- 10 APPENDIX A: SECRETARY OF THE NAVY STATEMENT OF ASSURANCE MEMO**
- 11 APPENDIX B: MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES**

# *Message from the* Assistant Secretary of the Navy (Financial Management and Comptroller), Acting



The Department of the Navy (DON) is leading the Department of Defense (DoD) in the implementation of integrated risk management, internal controls, and financial statement audit remediation. We reduced four material weaknesses in the last three years and expect a fifth one to downgrade this year. These accomplishments demonstrate continued improvements to our risk management, internal controls, and financial stewardship—a necessary trifecta for sound management of a complex enterprise such as the DON. Additionally, the DON consolidated and decommissioned seven financially relevant systems as part of our System Consolidation Action Plan. These consolidations shed legacy systems and use technology to automate, clean, and standardize data, moving us away from low-value transactional business to high-value analytics for more agile and informed decision making. This year, we also shifted from a narrow internal controls focus to a comprehensive integrated risk management framework that considers financial and non-financial risks—exactly what a dynamic and ready force like the DON must do to manage risk with calculated strategies and actions. As well, the DON's audit roadmap—the first and most articulate in DoD—remains a model for aligning audit remediation priorities, resources, policies, requirements, and change management for a cohesive and effective effort. Although our audit journey is demanding, we remain on track to achieve roadmap objectives in the face of challenges such as the COVID-19 Pandemic and managing change across a world-wide force.

I am proud of all that we accomplished but am aware of the challenges ahead. We must further understand how our individual and organizational efforts align to make the DON's risk management, internal controls, and audit remediation sound and effective. The modern maritime domain is ever-changing, requiring present, persistent and powerful integrated all-domain naval power. Similarly, the trifecta of risk management, internal controls, and audit are all powerful management tools to support a naval force that is ready and resourced to defend our nation.

As our workforce continues to build and enforce internal control activities, its efforts support the Secretary of the Navy's enduring priorities: *Maintaining Maritime Dominance in Defense of Our Nation*, *Putting People First*, and *Strengthening Strategic Partnerships*. The concepts described in this Statement of Assurance reinforce our transformative modernizations as we leverage data driven decision-making to achieve tangible savings. The DON will build on the findings of the audit process and other reviews to foster a culture that solves problems and achieves positive results while innovating and modernizing to increase our lethality and improve readiness.

A handwritten signature in black ink, appearing to read "A. L. L. L. L.", with a large, stylized initial "A" and a long, sweeping underline.



# INTRODUCTION

---

Leaders across the DON are committed to reform business operations while maintaining a competitive workforce to strengthen stewardship of tax dollars while protecting the resources entrusted to the DON by the American people. The Statement of Assurance (SOA) is the DON's annual report on whether internal controls are effective and achieving their intended objectives. This report describes how the DON is remediating deficiencies while addressing strategic risks. For information on the DON, its mission and organizational structure, the roles and responsibilities of the individual fleet and shore commands, the Department's financial statements, and reports of the independent auditors, please see the most recent DON Agency Financial Report here:

<https://www.secnav.navy.mil/fmc/fmo/Pages/Financial-Reports.aspx>.

## FY 2021 STATEMENT OF ASSURANCE

---

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (OMB Circular No. A-123) require each federal agency to evaluate its accounting systems and administrative controls for compliance with the current laws, regulations, and reporting standards. FMFIA also requires management to provide signed statements each Fiscal Year (FY) on whether internal controls achieve their intended objectives, and if not, prepare a report on identified weaknesses and the timelines for planned remediation. Lastly, the Department of Defense (DoD) requires that each military service and Defense organization submit conclusions on specific aspects of its controls.

To form a conclusion on the effectiveness of the DON's internal controls, the DON considers information obtained through several enterprise-wide initiatives: (1) Certification Statement process executed by DON's Major Assessable Units and Budget Submitting Offices through their A-123 program, (2) testing results from DON-wide integrated testing<sup>1</sup> and external audits performed by independent auditors, (3) Entity Level Control (ELC) Assessment<sup>2</sup>, and (4) Fraud Risk Assessment<sup>3</sup>. As presented by the Secretary of the Navy (SECNAV) in [Appendix A](#) of this report, the DON reported the following conclusions based on its internal evaluation:

- **Internal Control over Reporting - Operations:** Reasonable Assurance, except for six reported material weaknesses and one significant deficiency.
- **Internal Control over Reporting - Financial Reporting:** No Assurance, due to thirteen reported material weaknesses and two significant deficiencies.
- **Internal Control over Reporting - Financial Systems:** No Assurance, due to three reported material weaknesses.
- **Entity Level Controls, including fraud controls (Design):** Reasonable Assurance, except for one reported material weakness.

A control deficiency exists when the design, implementation, or operation of a control does not allow management or personnel (in the normal course of performing their assigned functions) to achieve control objectives and address related risks.

---

<sup>1</sup> Assessed key controls around Civilian Payroll, Military Payroll, Government Purchase Cards, General Equipment (Aircraft, Vessels, Satellites), Uninstalled Aircraft Engines, and Real Property; no significant issues were identified. Conducted IT testing of 20 Audit Relevant Systems that had not previously been assessed externally or internally; deficiencies were noted across material weakness areas including Access Controls/Segregation of Duties and Configuration Management.

<sup>2</sup> Results indicated that ELCs are designed effectively to address the DON's mission and objectives.

<sup>3</sup> Results determined the DON is within its risk tolerance for six of the nine areas assessed.

A significant deficiency is defined as a lack of or a combination of deficiencies in internal controls that are less severe than a material weakness, yet important enough to merit attention by those charged with governance. A significant deficiency determined to be important enough to report externally is considered a material weakness.

A material weakness over reporting is a significant deficiency impacting internal and external decision-making. A material weakness over operations may include the following conditions:

- Impact the effectiveness of ELCs
- Impair fulfillment of essential operations or mission
- Deprive the public of needed services
- Significantly weaken established safeguards against fraud, waste, loss, unauthorized use, or misappropriation of funds, property, other assets or conflicts of interest

Reportable deficiencies in the DON's internal controls environment are provided in [Appendix B](#) of this report.

## INTEGRATED RISK MANAGEMENT



In FY 2020, the DON published the **Department of the Navy Integrated Risk Management Strategy** to outline its roadmap for integrating the DON's Enterprise Risk Management (ERM) and internal control capabilities in accordance with OMB Circular No. A-123. The DON's Integrated Risk Management (IRM) strategy provides the framework and tools for enhancing the efficiency, effectiveness, and transparency of the DON's risk management and internal control evaluation activities.

This year, the Office of the Assistant Secretary of the Navy (OASN) Financial Management and Comptroller (FM&C) and the Office of the Chief Management Officer (OCMO) collaborated with a diverse set of functional stakeholders to finalize the DON's IRM requirements, procedural guidance, training, and tools to initiate the IRM implementation in FY 2022. These activities mark the transition from strategy to execution. A key element of ERM is the DON Risk Profile, which is a prioritized inventory of the most significant risks.

The DON Risk Profile assists DON leaders in focusing priorities on the most impactful opportunities while understanding the accompanying risks. The DON Risk Profile identifies appropriate options for addressing significant risks, while enabling DON leaders to identify key activities and operations to achieve their strategic objectives. The DON developed a limited Risk Profile in FY 2021 and will iteratively build the profile's complexity over the following years until reaching full maturity in FY 2025.

In line with the DON's IRM implementation strategy and focus on achieving its strategic objectives, the table below aligns the DON's FY 2021 achievements and commitments to the Secretary of Defense (SECDEF) priorities of Defend the Nation, Take Care of Our People, and Succeed Through Teamwork.



SECDEF AND DON FOCUS AREAS	STRATEGIC ACCOMPLISHMENTS
<b>DEFEND THE NATION</b>	
<b>Defeat COVID-19</b>	Utilizing current scientific and public health information and lessons learned, the DON deployed over 6,000 active and reserve component personnel in support of operational COVID-19 response missions by implementing risk mitigation methods such as testing, restriction of movement, risk-based travel assessments, isolation/quarantine, physical distancing, face coverings, and contact tracing. These missions also included distribution of COVID-19 vaccines around the globe.
<b>Force Readiness: Prioritize China as the Pacing Challenge</b>	The DON maintains the U.S.'s advantage at sea in the face of a rising China by contributing to DoD's plan to ensure key maritime concerns are addressed. The Secretariat, Office of the Chief of Naval Operations (OPNAV), and the Commandant of the Marine Corps manage official DON engagements with China and Taiwan and regularly participates in cross-functional teams, to include adding China and Taiwan-related defense policy.
<b>Force Readiness: Address Advanced and Persistent Threats</b>	Assessed over 1,200 Service, Joint and Combined analytic events, specifically focused on key operational problems in strategic competition, to determine required leverage points needed to gain or maintain advantages against potential adversaries.
<b>Innovate and Modernize the DoD: IT Infrastructure</b>	Employed initiatives to improve risk management, active monitoring, cybersecurity culture, Defense Industrial Base security, and acquisition support; working with the Services to reform the implementation of the assessment and authorization for systems, applications, and data environments from a one-time, compliance process to constant, risk-informed assessment using continuous monitoring.
	Migrated Navy users to an enduring Microsoft 365 secure cloud solution (i.e., Flank Speed), both by upgrading our Navy networks and demonstrating the security and control available via modern, direct Internet connections.
	Analyzed 40+ systems with Independent Public Accountant (IPA) issued open deficiencies and applied a risk-based remediation approach which resulted in 100 percent of the enduring future state systems with Material Weakness deficiencies being capable of systematically producing user access populations.
<b>Tackle the Climate Crisis</b>	Leveraged ongoing mission assurance and installation energy, water, and facility-related cyber control system assessments to identify threats and vulnerabilities. Assessments are used to incorporate climate adaptation and mitigations into installation master plans and installation energy and water plans as well as the design and construction of DON installation infrastructure.
<b>TAKE CARE OF OUR PEOPLE</b>	
<b>Grow Our Talent</b>	Continued execution of streamlined hiring process; from FY 2017 to mid-FY 2021, reduced time to fill vacant positions by 24 percent.
<b>Ensure Accountable Leadership</b>	Began establishing an integrated violence prevention tool that will gather data on behaviors and training associated with sexual assault or harassment; the tool will improve the ability to understand propensity and is intended to subsequently prevent destructive behaviors and enhance overall command climate.
	Acted on the Presidential Executive Orders related to policy impacting DON's military and civilian personnel by issuing two memorandums that provide guidance on advancing racial equity and support of transgender individuals within the military.
<b>SUCCEED THROUGH TEAMWORK</b>	
<b>Join Forces with Our Allies and Partners</b>	Chief of Naval Operations (CNO) published guidance for U.S. Navy Building Alliances and Partnerships in March 2021, which is the U.S. Navy's implementation of the Allies and Partners Lines of Effort of the CNO's Navigation Plan and the Tri-Service Maritime Strategy.
	The Navy International Programs Office convened Departmental, Component, Combat Command, and United States Coast Guard representatives for quarterly regional International Requirement Boards to harmonize prioritization and implementation of Foreign Military Sales (FMS) efforts and security assistance execution. This cross-functional, multi-stakeholder effort fuses policy, operational, and FMS perspectives to optimize DON responsiveness to Allies and Partners' requirements and support to building partner capabilities through FMS.
	Contributed to the United Kingdom's (UK) Her Majesty's Ship Queen Elizabeth's inaugural deployment with a squadron of Marine Corps F-35Bs and associated personnel, and United States Ship The Sullivans (DDG-68), representing a proof of concept and culmination of a decade-long DON effort to support the regeneration of UK carrier strike capability. Supported interactions with key maritime leaders in Europe and the North Atlantic Treaty Organization.

# REMEDIATION PROGRESS

A key element of the DON's transformation efforts centers on improving its financial management reporting systems and processes that affect many of the DON's operations. These efforts are guided by the Financial Management Transformation plan, which focuses on systems consolidation, budgetary reform, and enhanced business processes, policies, and internal controls. In line with the DON's Audit Roadmap, the DON maintained a focused and efficient approach to remediating issues associated with its priority areas. DON's progress with remediation initiatives linked to material weaknesses and significant deficiencies is highlighted in the table below.



FOCUS AREA	OPERATIONS REMEDIATION PROGRESS
Oversight and Management of Improper Payments	Closed material weakness as a result of remediation efforts. Identified the universe of automated systems that are used to make payments throughout the year and developed a statistical sampling plan designed to identify improper payments made through DON payment systems.
	Substantive testing around improper payments for Military Payroll (active and reserve) and Civilian Payroll for the DON found an error rate of less than .02 percent (the Marine Corps' rate was zero percent).
Controlled Unclassified Information	Closed significant deficiency as a result of remediation efforts. Adopted destruction of 100 percent of end-of-life hard drives and increased DON-wide awareness about safeguarding Personally Identifiable Information (PII) through mandatory training; reduced total PII breaches by 68 percent over a six-year period.
Fingerprint Cards and Reporting Disposition of Criminal Charges	Closed material weakness as a result of remediation efforts. Resolved 94 percent of all deficient Naval Criminal Investigative Service cases of missing criminal fingerprints.
Execution of Husbanding Contracts	Downgraded material weakness to a control deficiency as a result of remediation efforts. Revised Husbanding Service Provider Program Policy to streamline the DON's business process for acquiring husbanding services during port visits. As a result, remediated 23 out of 25 recommendations.
Information Systems	Confirmed all Navy audit relevant systems have completed transition to Risk Management Framework with an Authorization to Operate (ATO) or pending initial/interim ATO.
FOCUS AREA	FINANCIAL REPORTING REMEDIATION PROGRESS
Operating Materials and Supplies (OM&S) and Inventory	<b>OM&amp;S:</b> Existence and completeness test work at a Marine Corps Outside Continental United States location holding a significant amount of ammunition was completed with largely positive results from the IPA. In addition, the Marine Corps demonstrated that it has the processes and documentation in place to support the IPA's testing of ammunition aboard Maritime Prepositioning Force ships, overcoming a significant hurdle present during the FY 2020 audit.
	<b>Inventory:</b> Designed procedures and controls to ensure the existence and completeness of Working Capital Fund inventory including new accountability framework for inventory adjustment; added requirement of an annual wall-to-wall inventory to commercial vendors' statement of work.
	<b>Inventory:</b> Managed the discrepancies between Accountable Property Systems of Record and Marine Corps' OIS-MC daily to maintain the gross variance within 2 percent and net variance within .5 percent of the reported inventory balance.

<b>Vessels &amp; Aircraft</b>	Completed the indirect cost analysis and valuation. As a result, able to remediate findings related to aircraft indirect cost. Also, revalued aircraft capital improvements delivered through FY 2020.
<b>Real Property</b>	Inventoried 100 percent of utility assets and one-third of non-utility assets on Navy installations; improved accountability of Real Property assets through inventory process.
	Conducted internal analytics, sustainment control testing, and site visit testing at six locations for over 300 assets to validate audit readiness.
	Marine Corps supported site visits for existence and completeness testing where over 12,000 assets were examined by the IPA. Since March, over 450 exceptions noted by the IPA have already been remediated with supporting documentation packages provided to the IPA for review.
<b>Government Furnished Property (GFP)</b>	Provided GFP requirements training to over 1,400 DON personnel. Individuals gained the knowledge of key risks and associated controls to mitigate those risks. Revisions were also made to SECNAV Instruction on GFP accountability and management, and this document along with policies and standard operating procedures were made available across the DON.
<b>Budget Execution</b>	Established a cross functional governance team to identify a data driven approach to validating unobligated and obligated balances; coordination has led to better data mapping capabilities and supports the commands' ability to substantiate balances with documentation and verify requirements match obligation balances.
	Utilized the Advana platform to drive improvements into the management of reimbursable work orders to assist with properly aligning resources to the point of execution, as well as to support reimbursable work order reconciliation and eliminating entries. DON is decreasing use of reimbursable authority and increasing Below Threshold Reprogramming to better align funds to the point of execution.
<b>Financial Reporting</b>	Initiated design of new financial reporting controls for general ledger reconciliation and fluctuation analysis within the Jupiter environment to enhance completeness and accuracy of field-level data and improve oversight.
	Developed and documented standardized procedures for financial closing process and began recording of appropriations received into the Navy ERP tool which eliminated over 40,000 journal vouchers from the Defense Departmental Reporting System (DDRS). This was as a result of DON and Defense Finance and Accounting Service efforts to eliminate the Program Budget Information System overlay process and feed General Ledger funding balances to DDRS.
<b>Environmental and Disposal Liabilities</b>	Implemented and validated procedures and strengthened controls for environmental liability estimation for Aircraft, Environmental Restoration, Spent Nuclear Fuel, Nuclear Vessels, Conventional Vessels, and Other Accrued Environmental Liabilities programs. This included a significant adjustment to estimation and reporting procedures to align with Statement of Federal Financial Accounting Standards and Generally Accepted Accounting Principles requirements. Changes to the processes and controls have strengthened DON's ability to produce and validate estimates and ensure that they are correctly recorded.
<b>Systems Consolidation and Information Technology</b>	Consolidated and decommissioned seven financially relevant systems as part of the Audit Relevant System Consolidation Action Plan, including: Integrated Management Processing System (IMPS), Defense Working Capital Accounting System-Expeditionary Warfare Center (DWAS EXWC), Military Sealift Command-Financial Management System (MSC-FMS), Defense Working Capital Accounting System-Naval Facilities and Engineering Command (DWAS NAVFAC), Defense Industrial Financial Management System-Depot Maintenance Activity Group (DIFMS DMAG), Supply Maintenance Activity Group (SMAG), and Standard Accounting and Reporting System-Field Level (STARS-FL).
	Enhanced the process for user account management and provisioning, user account recertification, uniform logging, and consistent monitoring of activity for all key financial management systems.
	Formalized the process to oversee the effectiveness of the security controls of Marine Corps financial management systems by conducting root cause analysis of audit findings, prioritizing each finding, and working with system owners to develop an enterprise-level remediation strategy.



# FUTURE PERSPECTIVE

The significant accomplishments and progress outlined in this report provide evidence that the DON's future perspective will continue its positive trajectory. The DON-wide implementation of IRM will bring a more structured risk management process together with strengthened internal controls, a critical step forward in managing business and operational risks more efficiently. As the DON expands the scope of its testing each year and identifies areas that need improvement, the DON will continue to concentrate resources on remediating findings in areas with the greatest impact on strategic goals, enterprise readiness, and operational excellence.



PHILIPPINE SEA (Aug. 20, 2021) A U.S. Marine Corps F-35B Lightning II attached to Marine Fighter Attack Squadron (VMFA) 211, embarked aboard the Royal Navy aircraft carrier HMS Queen Elizabeth (R08), executes a short takeoff from the amphibious assault ship USS America (LHA 6) during flight operations between the Royal Navy and America in the Philippine Sea, Aug. 20, 2021. The 31st Marine Expeditionary Unit is operating aboard ships of America Expeditionary Strike Group in the 7th fleet area of operations to enhance interoperability with allies and partners and serve as a ready response force to defend peace and stability in the Indo-Pacific region. (U.S. Marine Corps photo by Staff Sgt. John Tetrault)

Furthermore, continued execution of the Financial Management Transformation plan and Audit Roadmap will support the DON's strategic imperative of modernizing its business operations. This plan centers around three basic tenets – prioritize and remediate audit findings, improve the effectiveness and transparency of budgetary execution, and modernize the primary financial management system, the Navy Enterprise Resource Planning system. Benefits from this transformation effort will extend far beyond our financial management functions and touch every part of the DON business operations. Specifically, the DON's risk management process will incorporate the Planning, Programming, Budgeting, and Execution cycle to determine risk appetite and mitigation strategies.

The DON's leadership is unified in its focus and dedication to supporting this transformation journey and ensuring alignment to the SECDEF's priority areas. At the same time, the DON will not lose sight on the well-being of its military and civilian personnel. This important work will have a lasting impact on the DON's ability to drive change and support decision-making to meet our global warfighting mission.



MV-22B Osprey tiltrotor aircraft attached to the 24th Marine Expeditionary Unit operate in support of a theater amphibious combat rehearsal at Camp Taji, Jordan, June 8, 2021. TACR integrates U.S. Navy and Marine Corps assets to exercise a range of critical combat-related capabilities, both afloat and ashore. 24th MEU is deployed to the U.S. 5th Fleet area of operations in support of naval operations to ensure maritime stability and security in the central region, connecting the Mediterranean and Pacific through the western Indian ocean and three strategic choke points.



# APPENDIX A

## SECRETARY OF THE NAVY STATEMENT OF ASSURANCE MEMO



THE SECRETARY OF THE NAVY  
WASHINGTON, D.C. 20350-1000

October 4, 2021

### MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Annual Statement Required Under the Federal Managers' Financial Integrity Act for Fiscal Year 2021

As Secretary of the Navy, I recognize the importance of managing the Department of the Navy (DON) risks and maintaining effective internal controls to comply with Sections 2 and 4 of the Federal Managers' Financial Integrity Act of 1982. The DON conducted its risk and internal control assessment in accordance with the Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the Government Accountability Office (GAO) publication GAO-14-704G, *Standards for Internal Control in the Federal Government*.

The DON led the Department of Defense in the reduction of four financial statement audit material weaknesses in the last three years, with a fifth expected for downgrade this year. While we are not able to fully provide reasonable assurance for internal controls over financial reporting and systems, we made significant progress remediating deficiencies in Fiscal Year (FY) 2021 while navigating challenges originating from the COVID-19 pandemic. We focused on systems consolidation, budgetary reform, and enhancing business processes, policies, and internal controls. Specifically, the DON significantly consolidated and decommissioned seven financially relevant systems as part of the System Consolidation Action Plan. From a policy and process improvement perspective, we issued our integrated risk management guidance and framework to address both financial and non-financial risks. Additionally, the DON developed an Audit Roadmap, underpinned by key requirements and milestones across our business processes and systems, to support our path to an audit opinion. We remain on track to achieve that objective. We will continue to build upon the foundation established by our audit roadmap to accelerate remediation progress and provide reasonable assurance in the future.

Based on the results of the DON Internal Controls Over Reporting - Operations (ICOR-O) assessment, the DON can provide reasonable assurance, except for the six Material Weaknesses (MWs) and one Significant Deficiency (SD) reported in the "Material Weaknesses and Significant Deficiencies" enclosure, that internal controls over operations and compliance were operating effectively as of 30 September 2021. Although these MWs may have impacted efficiency, the DON continues to be able to meet its mission to support the warfighter and remain combat ready.



Based on the results of the DON Internal Controls Over Reporting - Financial Reporting (ICOR-FR) assessment, the DON is unable to provide assurance that controls were operating effectively due to the thirteen MWs and two SDs reported in the "Material Weaknesses and Significant Deficiencies" enclosure as of 30 September 2021 in accordance

with OMB Circular No. A-123, Appendix A. This internal review also included an evaluation of the internal controls around our Security Assistance Accounts activities.

Based on the results of the DON Internal Controls Over Reporting - Financial Systems (ICOR-FS) assessment, the DON is unable to provide assurance that controls were operating effectively due to the three MWs reported in the "Material Weaknesses and Significant Deficiencies" enclosure as of 30 September 2021 in accordance with the Federal Financial Management Improvement Act of 1996 and OMB Circular No. A-123, Appendix D.

The DON assessed the design of Entity Level Controls (ELCs), including fraud controls, in accordance with the Section 10.09 of GAO's, *Standards for Internal Control in the Federal Government* (the "Green Book"), OMB Circular No. A-123, the Payment Integrity Information Act of 2019, and GAO Fraud Risk Management Framework. Based on the results of the assessment, the DON can provide reasonable assurance, except for one MW that ELCs, including fraud controls, are designed effectively as of 30 September 2021.

The DON is hereby reporting two Anti-Deficiency Act violations discovered/identified during our assessments of the applicable processes.

The classified annex has been forwarded to the Office of the Secretary of Defense Classified Office.

My point of contact for any questions regarding the Statement of Assurance for FY 2021 is Ms. Mobola Kadiri, who may be reached at (202) 685-6767 or [mobola.kadiri@navy.mil](mailto:mobola.kadiri@navy.mil).



Carlos Del Toro

Attachments:  
As stated

# APPENDIX B

## MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES

Deficiency	Type	Targeted Remediation Date
DON Oversight and Management of Improper Payments	Internal Control over Reporting - Operations	Closed
Protection of Controlled Unclassified Information*		Closed
Submission of Criminal Subject Fingerprint Cards and Reporting Disposition of Criminal Charges		Closed
Hazardous Noise*		Dec. 2021
Data Protection		Dec. 2021
Property in the Possession of Contractors		Dec. 2022
Execution of Husbanding Contracts – Husbanding Service Providers		Downgraded to a Control Deficiency
Complex IT Environment		Oct. 2023
Military Pay and Personnel		Jan. 2025
Depot Level Maintenance		Jun. 2025
Oversight and Monitoring		Nov. 2025
Contingent Legal Liabilities*	Internal Control over Reporting - Financial Reporting	Sep. 2022
Environmental and Disposal Liabilities		Sep. 2022
Property, Plant, and Equipment – Utilities		Downgraded to a Significant Deficiency
Fund Balance with Treasury		Oct. 2022
Operating Materials & Supplies – Ordnance		Mar. 2023
General Equipment – Remainder: Existence and Completeness		Jan. 2023
Budgetary Execution		Sep. 2026
Order-to-Cash Process		Sep. 2023
Accounts Payable		Sep. 2023
Traceability and Supportability of Foreign Military Sales Transactions		Sep. 2023
Inventory		Apr. 2024
Property, Plant, & Equipment Valuation		Sep. 2024
Operating Materials & Supplies – Remainder		Sep. 2024
Procure-to-Pay Process		Dec. 2025
Financial Reporting		Sep. 2026
Information Systems Configuration Management	Internal Control over Reporting - Financial Systems	Oct. 2022
Information Systems Interfaces		Jun. 2022
Information Systems Access Controls/Segregation of Duties		Sep. 2024

\* Denotes Significant Deficiency.





# DEPARTMENT OF THE NAVY FY 2021 STATEMENT OF ASSURANCE

